

Business Situation

Advance Estimates for the Fourth Quarter of 2001

REAL gross domestic product (GDP) increased 0.2 percent in the fourth quarter of 2001, and final sales of domestic product—GDP less inventory investment—increased 2.5 percent (table 1 and chart 1).¹ In the third quarter, real GDP had decreased 1.3 percent, and final sales had decreased 0.5 percent. The “advance” estimates of the national income and product accounts (NIPA’s) also show the following.

1. Quarterly estimates in the NIPA’s are expressed at seasonally adjusted annual rates. Quarter-to-quarter dollar changes are the differences between the published estimates. Quarter-to-quarter percent changes are annualized and are calculated from unrounded data unless otherwise specified.

Real estimates are calculated using a chain-type Fisher formula with annual weights for all years and quarterly weights for all quarters; real estimates are expressed both as index numbers (1996=100) and as chained (1996) dollars. Price indexes (1996=100) are also calculated using a chain-type Fisher formula

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- The small increase in GDP reflected increases in consumer spending and government spending that were largely offset by declines in private inventory investment, fixed investment, and exports (table 2).² Imports, which are subtracted in the calculation of GDP, decreased.
- Much the same set of factors lay behind the improvement in the GDP growth rate. Consumer and government spending accelerated, while inventory investment and fixed investment decreased more than in the third quarter.
- The strength in consumer spending was concentrated in durable goods, which registered its biggest

2. In the NIPA’s, consumer spending is shown as personal consumption expenditures, government spending is shown as government consumption expenditures and gross investment, and inventory investment is shown as change in private inventories.

Table 1. Real Gross Domestic Product, Real Gross Domestic Purchases, and Real Final Sales to Domestic Purchasers

[Change from preceding period; quarterly estimates seasonally adjusted at annual rates]

	Billions of chained (1996) dollars						Percent							
	2000	2001	2001				2000	2001	2001				I	II
			I	II	III	IV			I	II	III	IV		
Gross domestic product	367.5	101.5	30.6	7.2	-31.3	5.2	4.1	1.1	1.3	0.3	-1.3	0.2		
Less: Exports of goods and services.....	98.3	-52.5	-3.4	-35.8	-56.1	-34.2	9.5	-4.6	-1.2	-11.9	-18.8	-12.4		
Plus: Imports of goods and services.....	180.6	-37.9	-19.9	-33.6	-51.8	-12.6	13.4	-2.5	-5.0	-8.4	-13.0	-3.4		
Equals: Gross domestic purchases	439.8	116.9	16.0	10.0	-25.3	25.2	4.8	1.2	0.7	0.4	-1.0	1.0		
Less: Change in private inventories.....	-11.5	-112.6	-69.9	-11.2	-23.6	-58.7								
Equals: Final sales to domestic purchasers	447.4	217.4	76.7	19.9	-6.2	77.8	4.9	2.3	3.2	0.8	-0.3	3.2		
Personal consumption expenditures.....	289.4	189.5	47.4	39.9	15.5	84.5	4.8	3.0	3.0	2.5	1.0	5.4		
Durable goods.....	77.7	59.6	23.0	15.7	2.1	79.6	9.5	6.7	10.6	7.0	0.9	38.4		
Nondurable goods.....	83.5	31.5	11.2	1.4	2.6	4.3	4.7	1.7	2.4	0.3	0.6	0.9		
Services.....	134.5	104.9	16.3	24.7	10.6	14.8	4.0	3.0	1.8	2.8	1.2	1.6		
Private fixed investment.....	120.8	-33.4	8.2	-43.9	-24.8	-48.7	7.6	-1.9	1.9	-9.7	-5.7	-11.1		
Nonresidential.....	122.1	-41.9	-0.6	-53.0	-28.9	-43.6	9.9	-3.1	-0.2	-14.6	-8.5	-12.8		
Structures.....	15.9	3.0	8.4	-9.4	-5.5	-24.5	6.2	1.1	12.3	-12.2	-7.5	-31.0		
Equipment and software.....	109.1	-48.3	-11.6	-44.5	-23.8	-13.5	11.1	-4.4	-4.1	-15.4	-8.8	-5.2		
Residential.....	3.1	5.1	7.6	5.4	2.2	-6.3	0.8	1.4	8.5	5.9	2.4	-6.4		
Government consumption expenditures and gross investment	40.8	55.1	20.6	19.6	1.1	36.1	2.7	3.5	5.3	5.0	0.3	9.2		
Federal.....	9.2	13.8	4.3	2.5	4.9	12.9	1.7	2.5	3.2	1.8	3.6	9.5		
National defense.....	0.4	16.4	6.5	2.1	2.9	8.2	0.1	4.7	7.5	2.3	3.2	9.3		
Nondefense.....	8.6	-2.4	-2.2	0.5	2.0	4.6	4.6	-1.2	-4.3	0.9	4.2	9.9		
State and local.....	31.6	40.9	16.2	16.9	-3.6	23.2	3.2	4.0	6.4	6.6	-1.3	9.0		
Addendum: Final sales of domestic product	375.0	201.7	91.1	17.0	-12.3	57.1	4.3	2.2	4.0	0.7	-0.5	2.5		

NOTE. Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates usually are not additive. Chained (1996)

dollar levels and residuals, which measure the extent of nonadditivity in each table, are shown in NIPA tables 1.2, 1.4, and 1.6. Percent changes are calculated from unrounded data. Percent changes in major aggregates are shown in NIPA table S.1. (See “Selected NIPA Tables,” which begins on page D-2 in this issue.)

increase since the third quarter of 1986. Motor vehicle purchases surged.

- The strength in government spending reflected an acceleration in Federal Government spending and an upturn in State and local government spending. The upturn in State and local spending partly reflected a rebound after a large sale of existing structures that lowered State and local investment in the third quarter; this rebound did not affect GDP because it was offset by a corresponding reduction in private nonresidential structures.³
- Inventories were liquidated for the fourth consecutive quarter. The pace of liquidation was almost twice the already rapid pace of the third quarter, and the ratio of real private inventories to final sales fell from 2.22 to 2.16—a record low level and the biggest quarter-to-quarter decrease since 1983.⁴

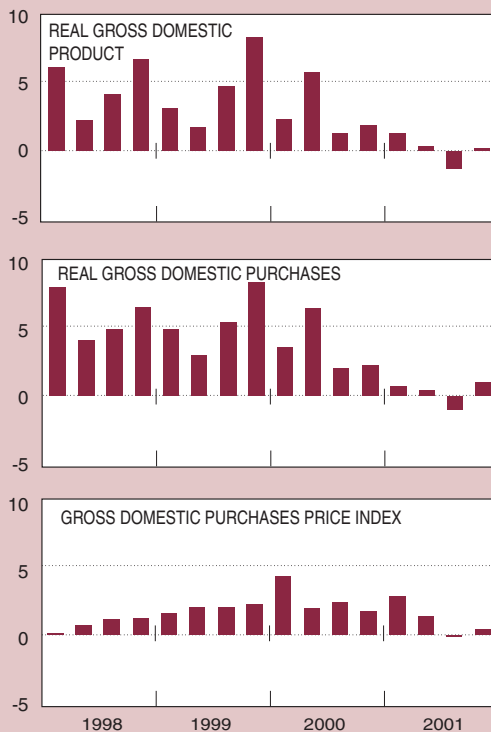
3. In the third quarter, the Port Authority of New York leased properties at the World Trade Center to two private corporations. This transaction resulted in a \$12.8 billion decrease (in current dollars at an annual rate) in State and local government gross investment and an offsetting increase of the same amount in private net purchases of used structures.

4. Other real inventory-sales ratios, shown in NIPA table 5.13B, reached their lowest levels since 1966.

CHART 1

Selected Measures: Change From Preceding Quarter

Percent



Note—Percent change at annual rate from preceding quarter; based on seasonally adjusted estimates.

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- The weakness in fixed investment was marked by
 - a third consecutive decrease in nonresidential structures (and the biggest quarterly drop since the second quarter of 1986),
 - a fifth consecutive decrease in nonresidential equipment and software (though the drop in the fourth quarter was smaller than that in the third), and
 - a decrease in residential structures after three quarterly increases.
- The production of goods decreased considerably less than in the third quarter; the decrease was the fifth in succession (table 3 on page 4). The production of services increased a little more than in the third quarter. The production of structures decreased about as much as in the third quarter.
- Real gross domestic purchases—a measure of domestic demand for goods and services regardless of where they are produced—increased 1.0 percent after decreasing 1.0 percent.⁵
- As noted, final sales of domestic product increased 2.5 percent after a small decrease. During the expansion of the 1990s, final sales had increased at an average annual rate of 3.4 percent.⁶

5. Gross domestic purchases is calculated as the sum of personal consumption expenditures, gross private domestic investment, and government consumption expenditures and gross investment; thus, gross domestic purchases includes imports of goods and services, which are subtracted in the calculation of GDP, and does not include exports of goods and services, which are added in the calculation of GDP.

6. In this article, the expansion is assumed to begin after the trough in real GDP in the first quarter of 1991 and to extend to the peak in real GDP in the second quarter of 2001.

Table 2. Contributions to Percent Change in Real Gross Domestic Product

[Quarterly estimates seasonally adjusted at annual rates]

	2000	2001	2001			
			I	II	III	IV
Percent change at annual rate:						
Gross domestic product.....	4.1	1.1	1.3	0.3	-1.3	0.2
Percentage points at annual rates:						
Personal consumption expenditures	3.28	2.06	2.05	1.72	0.67	3.63
Durable goods	0.77	0.54	0.83	0.56	0.07	2.78
Nondurable goods	0.94	0.34	0.49	0.06	0.12	0.18
Services	1.57	1.18	0.73	1.10	0.48	0.67
Gross private domestic investment	1.19	-1.42	-2.28	-2.16	-1.79	-4.15
Fixed investment.....	1.28	-0.33	0.33	-1.74	-0.97	-1.92
Nonresidential	1.25	-0.39	-0.02	-1.99	-1.08	-1.62
Structures	0.19	0.03	0.39	-0.44	-0.26	-1.16
Equipment and software.....	1.06	-0.42	-0.41	-1.55	-0.82	-0.46
Residential	0.04	0.06	0.35	0.25	0.10	-0.29
Change in private inventories	-0.09	-1.09	-2.61	-0.42	-0.81	-2.23
Net exports of goods and services	-0.79	-0.16	0.63	-0.12	-0.27	-0.85
Exports	1.01	-0.50	-0.13	-1.37	-2.13	-1.29
Goods	0.85	-0.44	-0.19	-1.45	-1.55	-0.84
Services	0.17	-0.06	0.06	0.08	0.58	-0.45
Imports	-1.81	0.34	0.76	1.25	1.86	0.45
Goods	-1.54	0.30	0.87	1.21	1.20	-0.11
Services	-0.26	0.04	-0.11	0.05	0.66	0.55
Government consumption expenditures and gross investment	0.47	0.62	0.92	0.87	0.05	1.59
Federal.....	0.10	0.15	0.19	0.11	0.21	0.55
National defense	0	0.18	0.28	0.09	0.12	0.35
Nondefense	0.10	-0.03	-0.09	0.02	0.09	0.20
State and local	0.37	0.47	0.73	0.76	-0.16	1.04

NOTE. More detailed contributions to percent change in real gross domestic product are shown in NIPA table 8.2. Contributions to percent change in major components of real gross domestic product are shown in tables 8.3 through 8.6.

Fourth-Quarter 2001 Advance GDP Estimate: Source Data and Assumptions

The "advance" GDP estimate for the fourth quarter is based on source data that are incomplete and subject to revision; as more and better data become available, the GDP estimate will be revised. The advance estimate is based on the following major source data. (The number of months for which data were available is shown in parentheses.)

Personal consumption expenditures: Sales of retail stores (3), unit auto and truck sales (3), and consumers' shares of new-car and new-truck purchases (2);

Nonresidential fixed investment: Unit auto and truck sales (3), construction put in place (2), manufacturers' shipments of machinery and equipment other than aircraft (3), shipments of civilian aircraft (2), and exports and imports of machinery and equipment (2);

Residential investment: Construction put in place (2) and single-family housing starts (3);

Change in private inventories: Trade and nondurable manufacturing inventories (2), durable manufacturing inventories (3), and unit auto and truck inventories (3);

Net exports of goods and services: Exports and imports of goods and services (2);

Government consumption expenditures and gross investment: Some Federal outlays were available for 2 months, others for 3, State and local construction put in place (2), and State and local employment (3).

GDP prices: Consumer price indexes (3), producer price indexes (3), U.S. import and export price indexes (3), and values and quantities of petroleum imports (2).

BEA made assumptions for source data that were not available. Table A shows the assumptions for key series; a more comprehensive list is available on BEA's Web site at <www.bea.doc.gov> and on STAT-USA's Web site at <www.stat-usa.gov>.

Table A. Summary of Major Data Assumptions for Advance Estimates, 2001:IV

[Billions of dollars, seasonally adjusted at annual rates]

	2001					
	July	August	September	October	November	December ¹
Private fixed investment:						
Nonresidential structures:						
Buildings:						
Value of new nonresidential construction put in place.....	211.0	201.9	202.0	196.8	197.7	193.7
Equipment and software:						
Manufacturers' shipments of complete aircraft.....	48.8	44.3	39.2	44.9	48.7	31.4
Residential structures:						
Value of new residential construction put in place:						
1-unit structures.....	248.2	248.9	248.2	248.2	247.4	246.7
2-unit-or-more.....	31.8	31.3	31.1	30.9	30.1	30.0
Change in private inventories:						
Change in inventories for nondurable manufacturing.....	-8.5	-10.8	-10.1	-14.8	-15.7	-15.1
Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment.....	-44.9	11.4	-29.2	-52.3	-49.1	-54.9
Net exports: ²						
Exports of goods:						
U.S. exports of goods, international-transactions-accounts basis.....	704.3	714.4	667.2	679.1	674.6	650.3
Excluding gold.....	701.2	711.8	665.6	676.6	671.6	647.3
Imports of goods:						
U.S. imports of goods, international-transactions-accounts basis.....	1,134.3	1,123.3	1,093.5	1,099.6	1,082.2	1,084.6
Excluding gold.....	1,132.4	1,120.9	1,091.2	1,096.7	1,079.4	1,081.6
Net exports of goods.....	-430.0	-408.9	-426.4	-420.5	-407.6	-434.3
Excluding gold.....	-431.2	-409.1	-425.6	-420.1	-407.8	-434.3
Government:						
State and local:						
Structures:						
Value of new construction put in place.....	182.7	179.6	177.4	189.9	201.0	195.5

1. Assumption.

2. Nonmonetary gold is included in balance-of-payments-basis exports and imports but is not used directly in the estimation of NIPA exports and imports.

- The price index for gross domestic purchases increased 0.4 percent after decreasing 0.1 percent. The third-quarter dip reflected insurance expenditures resulting from the terrorist attacks of September 11th. In the NIPAs, insurance expenditures are defined as premiums net of benefits; thus, the large benefit payments resulting from the September 11th attacks resulted in a reduction in the average net price of insurance.⁷
- Real disposable personal income dropped 7.8 percent after jumping 12.3 percent, and the personal saving rate fell to 0.5 percent from 3.8 percent.⁸ The sharp movements in disposable income and in saving reflected large taxpayer refunds in the third quarter under the Economic Growth and Tax Relief Reconciliation Act of 2001.

Computers. Real final sales of computers increased 29.7 percent in the fourth quarter after decreasing in the second and third quarters. Business purchases turned up sharply, and consumer purchases increased considerably more than in the third quarter. Govern-

ment purchases increased after little change. Exports decreased about the same as in the third quarter.

Computer prices decreased about as much as in the third quarter and more than in the second. Software prices changed little after decreasing.

Motor vehicles. Real motor vehicle output increased 8.4 percent in the fourth quarter, about the same as in the third. Final sales of motor vehicles to domestic purchasers increased 59.3 percent after decreasing 7.1 percent, and inventories plummeted.

Consumer purchases of new cars and new light trucks (including sport utility vehicles and passenger vans) jumped 95.8 percent after a small decrease. Sales were spurred by substantial incentive programs, including zero-rate financing on many makes and models.

Business purchases of new motor vehicles decreased 7.2 percent—considerably less than in the third quarter. Purchases of “other” trucks leveled off after seven consecutive quarterly declines.⁹

Motor vehicle inventories plunged \$36.5 billion, by far the largest drop since the beginning of the chained-dollar series in 1987. The inventory-sales ratio for new domestic autos, which is calculated from units data, decreased to 1.80 at the end of the fourth quarter from 2.31 at the end of the third.

9. “Other” trucks have a gross vehicle weight of over 10,000 pounds; these trucks range from medium-duty general delivery trucks to heavy-duty diesel tractor-trailers.

Table 3. Real Gross Domestic Product by Type of Product
[Change from preceding period; quarterly estimates seasonally adjusted at annual rates]

	Billions of chained (1996) dollars						Percent					
	2000	2001	2001				2000	2001	2001			
			I	II	III	IV			I	II	III	IV
Gross domestic product.....	367.5	101.5	30.6	7.2	-31.3	5.2	4.1	1.1	1.3	0.3	-1.3	0.2
Goods.....	203.3	-61.7	-24.1	-34.0	-40.8	-10.4	5.8	-1.7	-2.6	-3.6	-4.4	-1.1
Services.....	152.3	133.3	26.2	32.3	21.3	29.6	3.3	2.8	2.2	2.7	1.8	2.4
Structures.....	17.9	17.3	23.3	4.2	-15.1	-14.9	2.3	2.2	12.3	2.0	-7.1	-7.2
Addenda:												
Motor vehicle output.....	-2.4	-17.0	-15.0	18.0	6.9	7.0	-0.7	-4.8	-16.9	24.7	8.5	8.4
Gross domestic product less motor vehicle output.....	368.8	117.4	44.2	-9.1	-37.5	-0.9	4.3	1.3	2.0	-0.4	-1.7	0
Final sales of computers.....							52.3	8.7	9.0	-26.5	-10.7	29.7
Gross domestic product less final sales of computers.....							3.7	1.0	1.2	0.6	-1.2	0

NOTE: See note to table 1 for an explanation of chained (1996) dollar series. Chained (1996) dollar levels and residuals for most items are shown in NIPA table 1.4. Detail on motor vehicle output is shown in NIPA table 8.9B.

Prices

The price index for gross domestic purchases, which measures the prices of goods and services purchased by U.S. residents, increased 0.4 percent in the fourth quarter after decreasing 0.1 percent in the third. The pattern of price change was affected by the NIPA treatment of insurance benefit payments associated with the September 11th terrorist attacks. Excluding the insurance-related price effects, the index increased 0.6 percent in the third quarter and decreased 0.3 percent in the fourth.

Food prices decelerated, and energy prices decreased more than in the third quarter. Excluding food and energy prices, the price index for gross domestic purchases increased 1.9 percent after increasing 0.6 percent (table 4 and chart 2).

Prices of personal consumption expenditures (PCE) increased 0.8 percent after decreasing 0.2 percent. Prices of gasoline and oil dropped even more than in the third quarter; over the second half of 2001, these prices dropped 39.2 percent (annual rate), the largest two-quarter drop since 1986. Prices of fuel oil and coal dropped for the third consecutive quarter. Prices of electricity and gas decreased 16.2 percent after decreasing 6.0 percent. Food prices increased 2.3 percent after increasing 3.7 percent. Excluding food and energy

prices, the price index for PCE increased 2.8 percent after increasing 0.5 percent.

Prices paid by government decreased after no change in the third quarter. The decreases mainly reflected lower energy prices.

Prices of private nonresidential fixed investment decreased 1.8 percent after decreasing 0.5 percent. Prices of transportation equipment decreased after a moderate increase, and computer prices decreased about as much as in the third quarter.

The GDP price index, which measures the prices paid for goods and services produced in the United States, decreased 0.3 percent after increasing 2.3 percent. This index, unlike the price index for gross domestic purchases, excludes the prices of imports and includes the prices of exports. Import prices increased after a substantial decrease. Prices of imported services swung up sharply; the third-quarter decrease had reflected insurance payments from foreign insurers and reinsurers related to the September 11th attacks. Excluding the insurance-related price effects on imports and PCE (and a small effect on State and local government spending), the GDP price index increased 0.7 percent in the fourth quarter after increasing 1.2 percent in the third.

Table 4. Price Indexes

[Percent change at annual rates; quarterly estimates based on seasonally adjusted index numbers (1996=100)]

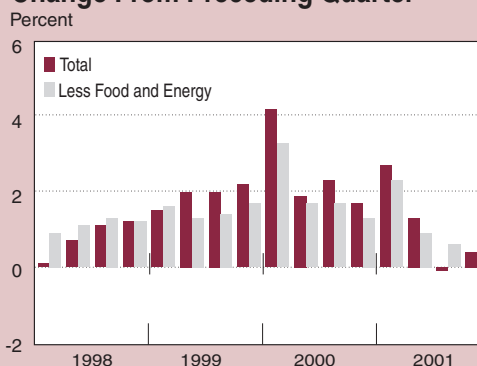
	2000	2001	2001			
			I	II	III	IV
Gross domestic product	2.3	2.2	3.3	2.1	2.3	-0.3
Less: Exports of goods and services.....	1.8	-0.3	-0.1	-1.0	-1.7	-3.2
Plus: Imports of goods and services.....	4.3	-3.3	-3.0	-6.0	-17.1	2.9
Equals: Gross domestic purchases	2.6	1.7	2.7	1.3	-0.1	0.4
Less: Change in private inventories.....						
Equals: Final sales to domestic purchasers	2.6	1.7	2.6	1.3	-0.1	0.4
Personal consumption expenditures.....	2.7	1.9	3.2	1.3	-0.2	0.8
Durable goods.....	-1.6	-1.8	-0.7	-3.5	-2.8	-1.4
Nondurable goods.....	3.7	1.5	1.9	2.7	-1.5	-3.4
Services.....	3.1	2.8	4.7	1.7	0.9	3.4
Private fixed investment.....	1.2	0.5	-0.4	0.6	0.3	-0.5
Nonresidential.....	0.1	-0.5	-1.9	-0.1	-0.5	-1.8
Structures.....	4.1	4.5	6.2	4.7	2.7	0.6
Equipment and software.....	-1.1	-2.2	-4.6	-1.9	-1.7	-2.6
Residential.....	4.5	3.4	4.6	2.6	2.5	3.0
Government consumption expenditures and gross investment.....	3.9	2.0	3.5	1.8	0	-0.7
Federal.....	2.9	1.6	4.4	1.2	0.2	-0.7
National defense.....	2.8	1.5	3.6	1.0	0.3	-1.1
Nondefense.....	3.0	1.7	5.8	1.7	0	0.1
State and local.....	4.4	2.2	3.0	2.1	-0.1	-0.7
Addenda:						
Gross domestic purchases:						
Food.....	2.3	3.0	4.1	2.6	3.7	2.3
Energy.....	18.9	2.1	9.3	6.1	-21.0	-33.5
Less food and energy.....	2.0	1.5	2.3	0.9	0.6	1.9
Personal consumption expenditures:						
Food.....	2.4	3.0	4.0	2.6	3.8	2.2
Energy goods and services ¹	17.7	3.1	11.7	9.2	-20.6	-32.1
Less food and energy.....	1.9	1.6	2.6	0.7	0.5	2.8

1. Consists of gasoline, fuel oil, and other energy goods and of electricity and gas.

NOTE: Percent changes in major aggregates are in NIPA table 8.1. Index numbers are shown in tables 7.1, 7.2, and 7.4.

CHART 2

Gross Domestic Purchases Prices: Change From Preceding Quarter



Note—Percent change at annual rate from preceding quarter; based on seasonally adjusted index numbers (1996=100).

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Personal Income

Real disposable personal income (DPI) decreased 7.8 percent in the fourth quarter, and current-dollar DPI decreased 7.1 percent.¹⁰

These drops represent returns toward more normal levels of DPI after a third-quarter surge that reflected tax refunds under the Economic Growth and Tax Relief Reconciliation Act of 2001. The personal saving rate also returned to a more normal level. As a result of the sharp decrease in DPI and a strong increase in personal outlays (largely PCE), the personal saving rate—saving as a percentage of current-dollar DPI—dropped to 0.5 percent from 3.8 percent.

10. DPI is personal income less personal tax and nontax payments. It is the income available to persons for spending or saving.

Personal income, which is measured only in current dollars, was virtually unchanged in the fourth quarter after increasing \$57.2 billion in the third (table 5 and chart 3).

Wage and salary disbursements changed little after a small increase. Increased disbursements by government and by the service industries were offset by decreased disbursements by the goods-producing and distributive industries.

Proprietors' income turned down, primarily reflecting a drop in the prices received by farm proprietors. Personal interest income decreased more than in the third quarter, reflecting a further decrease in interest rates. Most other components of personal income posted fourth-quarter changes comparable to those in the third quarter.

Table 5. Personal Income and Its Disposition
[Billions of dollars; quarterly estimates seasonally adjusted at annual rates]

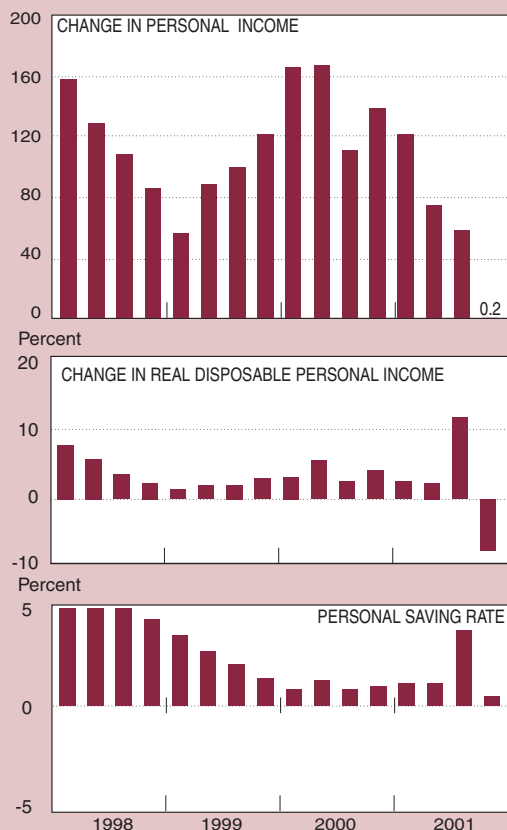
	Level		Change from preceding period					
	2001	2001	2000	2001	2001			
		IV			I	II	III	IV
Wage and salary disbursements.....	5,098.8	5,122.7	365.0	261.6	76.2	50.4	23.6	-0.7
Private industries.....	4,292.5	4,298.2	320.9	223.7	64.0	39.6	10.8	-12.8
Goods-producing industries.....	1,197.4	1,181.5	75.0	33.7	10.8	-1.9	-6.9	-16.0
Manufacturing.....	842.2	824.2	48.1	12.1	1.1	-3.1	-9.1	-16.9
Distributive industries.....	1,145.4	1,144.9	74.6	49.8	14.4	7.9	-0.1	-3.2
Service industries.....	1,949.7	1,971.8	171.3	140.2	38.8	33.6	17.8	6.4
Government.....	806.3	824.4	44.1	37.9	12.2	10.8	12.9	11.9
Other labor income.....	553.9	558.5	24.5	19.7	4.4	2.9	3.2	3.1
Proprietors' income with IVA and CCAdj.....	743.2	739.6	43.0	28.2	10.0	10.1	7.4	-13.1
Farm.....	27.4	18.7	4.0	-3.2	-1.9	-1.1	3.6	-13.6
Nonfarm.....	715.9	720.9	39.0	31.5	11.9	11.2	3.9	0.4
Rental income of persons with CCAdj.....	142.9	149.0	-6.1	1.3	-2.1	-0.6	5.0	5.0
Personal dividend income.....	416.3	428.4	36.1	37.1	8.2	7.1	8.1	8.4
Personal interest income.....	993.9	972.1	50.6	-6.7	-2.2	-9.9	-9.5	-19.4
Transfer payments to persons.....	1,149.0	1,174.7	49.5	79.9	34.1	16.3	19.6	15.7
Less: Personal contributions for social insurance.....	373.3	373.0	20.6	15.6	8.0	1.9	0.2	-1.2
Personal income.....	8,724.7	8,772.0	541.9	405.5	120.6	74.4	57.2	0.2
Less: Personal tax and nontax payments.....	1,306.3	1,333.2	129.0	18.1	15.4	6.2	-155.9	137.7
Equals: Disposable personal income.....	7,418.3	7,438.8	413.0	387.3	105.2	68.2	213.2	-137.6
Less: Personal outlays.....	7,297.2	7,399.8	506.1	333.9	101.1	65.5	9.3	108.8
Equals: Personal saving.....	121.1	39.0	-93.2	53.4	4.1	2.7	203.8	-246.3
Addenda: Special factors in personal income:								
In private wages and salaries:								
Effects of the September 11 terrorist attacks.....		0			0	0	-3.3	3.3
In government wages and salaries:								
Federal pay raise.....		6.0			5.2	0.5	0.3	0
Effects of the September 11 terrorist attacks.....		3.7			0	0	0.9	2.8
In transfer payments to persons:								
Social security retroactive payments.....		1.8			-1.1	0	0	1.8
Cost-of-living adjustments in Federal transfer programs.....		16.8			16.3	0	0	0.2
Correction for error in indexing for social security and supplemental security income benefits.....		0.5			0	0	4.2	-3.7
In personal tax and nontax payments:								
Federal tax law changes.....		-21.0			-4.5	0	-154.4	137.9
Refunds and State tax law changes.....		-1.0			-0.8	-6.1	4.6	2.3

NOTE: Most dollar levels are in NIPA table 2.1.
IVA Inventory valuation adjustment.
CCAdj Capital consumption adjustment.

CHART 3

Selected Personal Income and Saving Measures

Billion \$



Note—Changes are from preceding quarter; based on seasonally adjusted annual rates.

U.S. Bureau of Economic Analysis

The Year 2001

In the year 2001, real GDP increased 1.1 percent, far below its 3.4-percent average annual growth rate during the expansion of the 1990s and its 4.1-percent growth rate in 2000. In contrast, real DPI increased 3.6 percent, above its 2.9-percent growth rate during the expansion and about the same as in 2000. Inflation slowed, as the price index for gross domestic purchases increased 1.7 percent, close to its average rate of 1.9 percent over the expansion and below its 2.6-percent increase in 2000.¹¹

PCE was the mainstay of the economy in 2001, increasing 3.0 percent and contributing 2.1 percentage points to the growth of real GDP; more than half of the PCE increase was in services. Government spending also increased in 2001, mainly reflecting growth in spending by State and local government, and contributed 0.6 percentage point to the growth of real GDP.

Business investment was weak in 2001. Inventory investment reduced GDP growth 1.1 percentage points, as accumulation in 2000 was followed by substantial liquidation in 2001. Nonresidential fixed investment fell 3.1 percent, reducing real GDP growth by 0.4 percentage point; investment in equipment and software was responsible for the fall.

Exports decreased in 2001, reducing GDP growth 0.5 percentage point. Imports, which are subtracted in the calculation of GDP, also decreased.

The 3.6-percent increase in real DPI in 2001 reflected a larger increase in current-dollar DPI than in the implicit deflator for PCE. The increase in current-dollar DPI was largely accounted for by wage and salary disbursements, which increased \$261.6 billion (or 5.4 percent). In contrast, personal tax and nontax payments increased only \$18.1 billion. The personal saving rate increased to 1.6 percent from 1.0 percent.

The 1.7-percent increase in the price index for gross domestic purchases mainly reflected increases in prices paid by consumers and by government. About half of the slowdown from a 2.6-percent increase in 2000 was attributable to energy prices; excluding food and energy prices, the index increased 1.5 percent after increasing 2.0 percent.

11. The 2001 increases are calculated from annual levels for 2000 and 2001. From fourth-quarter 2000 to fourth-quarter 2001, real GDP increased 0.1 percent, real DPI increased 2.2 percent, and the price index for gross domestic purchases increased 1.1 percent.